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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP

Chairman

GARY PIERCE

Commissioner

BRENDA BURNS

Commissioner

BOB BURNS

Commissioner

SUSAN BITTER SMITH

Commissioner

Arizona Corporation Commission

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IN THE MATTER OF UNS ELECTRIC,
INC'S APPLICATION FOR APPROVAL OF
ITS 2014 RENEWABLE ENERGY
STANDARD IMPLEMENTATION PLAN,
DISTRIBUTED ENERGY
ADMINISTRATIVE PLAN AND REQUEST
FOR RESET OF ITS RENEWABLE
ENERGY ADJUSTOR -- VOLUNTARY
SOLAR CONTRIBUTION PROGRAM'S
PLAN OF ADMINISTRATION

DOCKET NO. E-04204A-13-0225

DECISION NO. 74822

ORDER

Open Meeting
November 5 and 6, 2014
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Electric, Inc. ("UNSE" or "the Company") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On October 10, 2014, UNSE filed its proposed Voluntary Solar Contribution Program ("VSC Program") Plan of Administration ("POA"). The VSC Program POA was filed in compliance with Decision No. 74166 (October 25, 2013).

Background

3. Decision No. 74166 orders as follows:

"IT IS FURTHER ORDERED that UNS Electric, Inc. shall file by January 7, 2014, a proposed plan or plans of administration for a voluntary contributions program consistent with the requirements set forth herein in the Commission's findings."

1 4. Plan of Administration Filing. The Company filed its initial proposed VSC Program
2 POA on January 7, 2014. Subsequent to the filing, the Company communicated with Staff on
3 finalizing the POA and identified a tax-exempt, third-party organization to partner with in
4 administering the VSC Fund. The Company then filed its final proposed VSC POA on October 10,
5 2014.

6 **Summary of Voluntary Solar Contribution Program Plan of Administration**

7 5. General Description. The proposed POA includes a General Description for the VSC
8 Program, stating that it would provide individuals and entities with an opportunity to support Arizona
9 solar resources by voluntarily contributing funds to the Arizona Community Foundation (“ACF”), a
10 tax-exempt third-party independent organization. The funds would be used to install photovoltaic
11 solar panel systems on newly built residential single-family homes constructed by the Arizona chapter
12 of Habitat for Humanity International (“Habitat”). The POA also indicates that VSC Program funds
13 would be separate from those collected through the Commission’s mandatory Renewable Energy
14 Standard adjustor.

15 6. Eligibility and Contributions. With respect to eligibility and contributions the
16 proposed POA provides the following:

- 17 • Eligibility to contribute would not be limited to UNSE customers;
- 18 • Contributions would be made to the Arizona Community Foundation, either
19 through its website or by check;
- 20 • Contributions would be held by ACF in a tax-exempt, irrevocable fund ¹
- 21 • Management and administration of the account, including investment, tax
22 reporting, and auditing, will be the responsibility of ACF.
- 23 • ACF will provide regular reports to UNSE.
- 24 • UNSE will assume any administrative fees for the VSC Program fund.

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¹ ACF invests the funding it holds in a variety of investment vehicles, including equity funds and fixed income funds.

- ACF is a tax-exempt 501(c)(3) public charity, and any contributions to the VSC Program fund are tax deductible, subject to Internal Revenue Service limitations. (Contributors should consult a professional tax advisor.)

7. Distribution of Funds. With respect to the distribution of VSC Program funds, the POA proposes that ACF provide funding to Habitat under the following conditions:

- Any home receiving a solar rooftop system under the VSC Program must be located within the Company's service territory, but will be selected by Habitat without input from either ACF or UNSE. The selected homeowners must also meet Habitat's requirements regarding home ownership and "sweat equity."
- Funds must be sufficient to purchase and/or install a system under warranty and to provide an initial five-year operation and maintenance contract for upkeep of the system.
- ACF would release funds to Habitat under the following conditions: (i) the system must be sized to produce no more than 50% of the expected total connected load of the home, or 3 kW, whichever is smaller; (ii) the roof must be structurally able to support a rooftop system and the system must be oriented south, southwest, or west; and (iii) Habitat must select an Arizona licensed and qualified solar installer to install and maintain the system.

8. Program Life. The UNSE POA proposes that the VSC Program become effective as of January 1, 2015 and expire December 31, 2016, after 90 days prior notice to the Commission. UNSE may seek successive one-year extensions of the program, also following 90 days prior notice to the Commission.

9. The UNSE POA also proposes that the Company contribute enough to fund one system through Habitat if it appears that contributions will not reach the level required to fund at least one system by the end of the two-year pilot period.

10. Reporting. The POA proposes to provide VSC Program fund status reports to Commission Staff every six months. A stand-alone report would be provided on October 1, with another report provided on April 1, as part of the annual REST Compliance Report. Reports would

1 include information regarding the number of customers and others making contributions, funds
2 collected in the reporting period, the total funds held, any interest accrued and any expenses.

3 11. Promotional Materials. UNSE has indicated that it will work with ACF “to create and
4 distribute appropriate low- and no-cost promotional materials for the program.”

5 Recommendations

- 6 • Staff has recommended that the POA for the VSC Program be modified to reflect
7 that the VSC Program will become effective as of January 1, 2015, and be
8 continued until further action of the Commission.
- 9 • Staff has recommended that the POA for the VSC Program be modified to reflect
10 that the VSC Program will not terminate after two years, but that the Company
11 will be allowed to file an application requesting to close the program after
12 December 31, 2016.
- 13 • Staff has recommended, with respect to reporting, that a stand-alone report be
14 filed in Docket Control by October 1, with another report provided by April 1, as
15 part of the annual REST Compliance Report, beginning October 1, 2015.
- 16 • Staff has recommended that the POA for the VSC Program should be revised to
17 reflect a requirement to report on the following: program promotion, the number
18 of customers and others making contributions during the reporting period, the
19 numbers of system installations (total and during the reporting period), funds
20 collected during the reporting period, the total funds held; any interest, or earnings,
21 accrued; and any expenses. The reports should be filed while the VSC Program is
22 in effect.
- 23 • Staff has recommended that UNS Electric, Inc. shall file in Docket Control, within
24 15 days, a Plan of Administration for its Voluntary Solar Contribution that has
25 been revised to comply with this Decision.

26 CONCLUSIONS OF LAW

27 1. UNS Electric, Inc. is an Arizona public service corporation within the meaning of
28 Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over UNS Electric, Inc. and the subject matter of this application.

3. The Commission having reviewed the application and Staff's memorandum dated October 23, 2014, concludes that it is in the public interest to approve UNS Electric, Inc.'s Plan of Administration for its Voluntary Solar Contribution Program, as modified herein.

ORDER

IT IS THEREFORE ORDERED that the Plan of Administration proposed by UNS Electric, Inc. for its Voluntary Solar Contribution Program is approved, with the modifications discussed herein.

IT IS FURTHER ORDERED that the Plan of Administration for UNS Electric, Inc.'s Voluntary Solar Contribution Program be modified to reflect that the Program will become effective January 1, 2015, and be continued until further order of the Commission.

IT IS FURTHER ORDERED that UNS Electric, Inc. shall file in Docket Control a stand-alone report by October 1 and a report by April 1, as part of the annual RES Compliance Report, beginning October 1, 2015.

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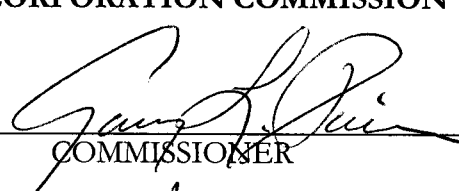
1 IT IS FURTHER ORDERED that the Plan of Administration for the Voluntary Solar
2 Contribution Program be modified to reflect a requirement to report on the following: program
3 promotion, the number of customers and others making contributions during the reporting period,
4 the number of system installations (total and during the reporting period), funds collected during the
5 reporting period, the total funds held; any interest or earnings accrued; and any expenses. The reports
6 shall be filed while the VSC Program is in effect.

7 IT IS FURTHER ORDERED that UNS Electric, Inc. shall file in Docket Control, within 15
8 days of the date of this decision, a Plan of Administration for its Voluntary Solar Contribution that
9 has been revised to comply with this Decision.

10 IT IS FURTHER ORDERED that this Order become effective immediately.

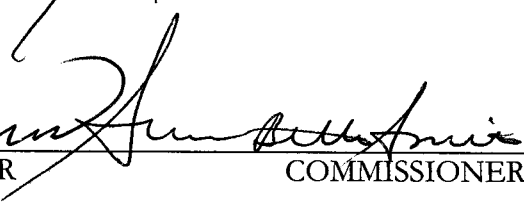
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12 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

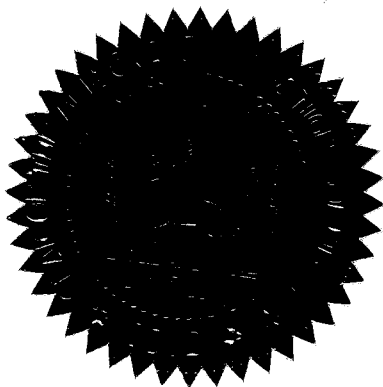
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CHAIRMAN

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COMMISSIONER

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COMMISSIONER

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COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive
Director of the Arizona Corporation Commission, have
hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this 13th day of November, 2014.

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JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JMK:sms\CHH

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